



Washington

LABOR MARKET



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Washington State
Employment Security

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Highlights

Employment Up Seasonally

Total employment in Washington State rose 13,200 between August and September mainly because of the beginning of a new school year and other seasonal expansions in the food processing, lumber, trade and service industries. Agricultural employment rose in Eastern Washington because of the apple harvest, but the expansion east of the Cascades was largely offset by a reduction in Western Washington where the raspberry harvest was completed. Over 13,000 workers were employed in the apple harvest this September. Total production for the year was estimated at 70.2 million boxes, up 44 percent from 1985 when frost damage in the spring reduced yields substantially.

Schools Reopen, Bus Drivers Back on the Job

Nonfarm employment rose 22,700 over the month. Public education added 19,400 alone with the reemployment of bus drivers, cafeteria workers, teacher aides, and other noncertificated workers in September. (Teachers are paid on a

	Sep. 1986* (PreI.)	Aug. 1986* (Rev.)	Sep. 1985
Civilian Labor Force	2,227,100	2,224,900	2,125,100
Total Employment	2,076,400	2,063,200	1,980,500
Total Unemployment	150,700	161,700	144,600
State Unemployment Rate	6.8	7.3	6.8
National Civilian Unemployment Rate	6.8	6.7	6.9

*These data represent alternative estimates of labor force conditions developed by the State Employment Security Department. They are more comparable with data released in previous years than are the official Bureau of Labor Statistics estimates developed for federal program purposes. (Data in this table are not seasonally adjusted.)

twelve-month basis and are considered employed all year.) The increase in government payrolls, however, was limited to 11,500 as work-experience programs for disadvantaged youth were concluded with the reopening of schools. Over 6,000 youth were employed in these programs in August. Other reductions in public payrolls occurred at parks and national forests which cut back as usual in September.

Schools and Fairs Boost Trade and Service Payrolls

The beginning of a new school year also boosted employment in services (up 4,500) which includes employment at private schools. The expansion in services was augmented by seasonal gains at county and regional fairs (amusement and recreation). The fairs also contributed heavily to a 2,200 increase in retail trade with most of these jobs at food stands and other temporary eating places. Firms which contract with schools to provide food services also added workers in September, while back-to-school shopping gave an additional boost to retail trade employment over the month.

Wholesale trade was also up in September; a 1,600 gain was reported by wholesale houses in Eastern Washington where this year's apple crop was being packed. The large crop this year will benefit employment opportunities in subsequent months as well because of shipping, repacking and processing activities.

Food Processing and Lumber Jobs Up

In the manufacturing industries, employment rose 2,600 in September. The lumber and food processing industries each added 1,100 workers to account for

most of the new jobs, but aerospace rose 500 to extend its long-term expansion. Logging benefited from the lifting of fire hazard restrictions, which depressed employment in August.

Unemployment At Annual Low

Responding to the expansion in employment, total unemployment in Washington State fell to 150,700 and 6.8 percent of the labor force in September, representing a reduction of 11,000 from August when the rate was 7.3 percent (revised). If past seasonal patterns are followed, this will mark the low point for unemployment this year. In October, employment will begin to decline in logging, construction and tourist-related jobs and unemployment will begin to increase.

On a seasonally adjusted basis, the jobless rate at 7.7 percent was unchanged from both this August and September 1985. As in the case of the nation, unemployment has shown little tendency to fall or rise over the past year. Reductions in unemployment from the 1982 recession came to a halt in 1986, and no new trend is apparent at this time. Reasons for the leveling off of the jobless rate are clear, the major cause being the effect of foreign competition on manufacturing employment. Nationally, manufacturing employment has dropped over 100,000 in the last year. Here in Washington State manufacturing employment was up 3,100 over the year in September, but only because a gain in aerospace of 8,600 offset reductions in other industries.

Nonfarm Jobs Up 53,600 Over The Year

Despite losses in several manufacturing industries, total nonagricultural employment in the state was up 53,600, or three percent, over the year. Services and retail trade led the expansion and together accounted for 31,700, or about 60 percent, of the new jobs. Other significant increases were in government, up 8,500; finance-insurance-real estate, up 5,300; and construction, up 2,600. The gain in civilian government payrolls was largely confined to education. In finance-insurance-real estate, lower mortgage rates were the prime mover in the expansion. The lower rates boosted real estate sales and, in turn, finance and insurance business. Refinancing activity was also brisk as thousands of homeowners who had originally financed their homes at higher rates were refinancing at lower rates.

Area Developments

Although unemployment declined in most counties of the state in September, the largest relative reductions were in Eastern Washington because of the apple harvest. Besides the thousands of harvest jobs, the harvest also boosted employment significantly at wholesale facilities, packing, storing and shipping

apples, at firms transporting the crop, and at retail outlets and service firms where business picked up because of an influx of migrant farm workers. While the jobless rates in Western Washington dropped from 6.8 to 6.5 percent over the month, the rate in Eastern Washington fell from 8.9 to 7.6 percent.

Apple Areas

Typical of the major apple producing areas were Wenatchee, Okanogan and Yakima. In the Wenatchee area (Chelan and Douglas counties), the jobless rate fell from 11.7 to 7.2 percent between August and September, while the rate in Okanogan County dropped from 15.3 to 10.3 percent. Yakima County is larger and more diversified, nonetheless, its unemployment rate fell from 11.1 to 8.9 percent over the month.

Lumber Counties

Unemployment in counties largely dependent on the lumber industry also saw their combined rate drop nine-tenths of a point compared to the half point decline in the statewide average because of the seasonal expansion in the industry. Their overall rate, however, at 9.4 percent remained well above the 6.8 percent statewide average. Typical of these counties were Grays Harbor, Lewis and Pacific. In Grays Harbor the rate fell from 11.1 to 10.4 percent over the month; Lewis County saw its rate decline from 10.2 to 9.3 percent, while the rate in Pacific County fell from 10.0 to 9.3 percent.

The apple harvest and expansion in lumber had relatively little impact on the state's major metropolitan areas, and the decline in unemployment in these areas was limited. In the Seattle Metropolitan Area the jobless rate slipped from 5.9 to 5.7 percent between August and September. Its rate in the latter month, however, remained well below that of the state and nation (both 6.8 percent). The jobless rate in the Spokane Metropolitan Area also dropped two-tenths of a point, from 7.0 to 6.8 percent, while the rate in the Tacoma Metropolitan Area was down three-tenths of a point, from 7.8 to 7.5 percent. Tacoma benefited not only from the reopening of schools in September, but also from the Western Washington Fair in Puyallup, which is one of the largest fairs in the nation.



MANUFACTURING INDUSTRIES

Duty Imposed On Canadian Lumber

The major development affecting the lumber industry was the preliminary decision by the U.S. Commerce Department to impose a 15 percent duty on Canadian softwood lumber imported into this country. U.S. trade law, however, allows a 45-day period for negotiation and possible suspension of the duty. The British Columbia government previously offered to impose a ten percent export tax on its lumber shipments, but U.S. sawmill owners rejected the proposal as inadequate.

U.S. lumber operators maintain that Canada subsidizes its lumber industry by selling government-owned timber below its true value. Canada contends that its sawmills can sell lumber at a lower price because the value of the Canadian dollar has dropped substantially in recent years relative to the value of the U.S. dollar. Whatever the reason, Canadian lumber now accounts for 31.6 percent of U.S. softwood consumption.

The preliminary decision to impose the duty was a mixed victory for U.S. sawmills and not all businessmen in this country were pleased with the decision. U.S. sawmill operators had asked for a duty of up to 32 percent on Canadian lumber, and they are

hoping that the duty will be raised during its review, which is scheduled to end December 30. On the other side of the issue, a representative for the National Lumber Dealers Association predicted that the 15 percent duty could cost up to 15,000 jobs in housing and allied industries nationally.

The Canadian government's response to the preliminary decision to impose the duty was generally reserved. Some Canadians were relieved that the duty was not higher. The Canadian Trade Minister said that Canada would not retaliate as it had when a tariff was imposed this summer on Canadian cedar shakes and shingles exported to the U.S. After that tariff was imposed, Canada responded by placing a duty on U.S. books, computer parts and Christmas trees.

Two New Plants To Open

Despite the general depression in the lumber industry, two new plants are scheduled to be opened. U.S. Waferboard will build a \$45 million plant near McCleary which will provide up to 220 jobs. The firm expects the plant to be in full production by mid-1988. (Waferboard is a relatively new plywood substitute which is manufactured by reducing solid wood into small units--wafers--and then reforming it with adhesives. More of the tree and poorer quality wood can be used.)

The second plant will be a veneer plant which will be built in Aberdeen by Pacific Veneer Ltd., a joint venture 80 percent owned by Weyerhaeuser. The plant expects to employ about 55 workers and plans to sell veneer in Japanese markets. According to a Weyerhaeuser spokesman, the Japanese supply of wood for veneer has dried up and they have been looking for a new source. He added that additional veneer mills may be built by the joint-venture.

Evans Products Mill Closed

While Aberdeen will get a new veneer plant, it lost the Evans Products Company plywood plant which closed in October, idling about 125 workers. The plant was subsequently sold to a Gig Harbor Company that may try to reopen it.

Boeing Workers Get New Contract

The Boeing Company and its production workers agreed on a new three year contract in October that provides for a 40-cent-an-hour cost of living adjustment retroactive to October 4. The workers will also receive a bonus of 12 percent of their annual pay at the end of this year and five percent year-end bonuses at the end of 1987 and 1988. The new contract will also phase out the two-tier wage system which established lower pay rates for new employees. The new contract covers about 28,000 Boeing workers in the Puget Sound Area.

The agreement will have a positive impact on the state economy by boosting purchasing power. Hourly earnings of production workers in aerospace next year should be about \$1.59 higher than during this year, including the 1986 year-end bonus. Average hourly earnings for production workers in all manufacturing may be lifted 30 cents.

Orders In Aerospace Strong

Orders for new aircraft logged by The Boeing Company in the first nine months of 1986 are impressive. Through September Boeing received orders for 386 planes valued at \$16.9 billion, up from 181 planes valued at \$5.6 billion for the comparable period in 1985. Orders so far in the fourth quarter have been equally impressive. In October, Boeing received more than \$2 billion in wide-bodied jet orders. Major customers were Japan Airlines, All Nippon Airways, and Northwest Airlines.

ISC To Cut 110 In Spokane

ISC Systems Corporation, which manufactures bank computer systems in Spokane, announced that it will reduce its Spokane staff to about 950 by June 30, 1987 from 1,100 in June this year. About 35 workers have already left. The firm is cutting excess manufacturing capacity.

NONMANUFACTURING INDUSTRIES

National Housing Starts Down

Construction employment was unchanged between August and September; homebuilding activity rose but was offset by cutbacks in heavy construction. Nationally, housing starts turned down in September, and the outlook was for further moderate reductions despite relatively low mortgage rates. The number of starts was estimated at a seasonally adjusted annual rate of 1,680,000 units in September, the lowest level since November 1985 and just 1.6 percent above the year-ago rate. Earlier this year homebuilding had been a major stimulus to the economy, spurring demand in related industries. For the first nine months of the year, housing starts were up 7.7 percent from the comparable period in 1985.

Building permits for housing units, an indicator of future activity, also fell nationally in September by 3.6 percent following a decline of 4.9 percent in August. Starts for 1986 are expected to total 1,800,000 to 1,850,000 units, up from 1,740,000 in 1985, but analysts see a drop to 1,700,000 units in 1987 with most of the reduction in apartment units.

The principal weakness in housing starts in recent months has been in the apartment area. Apartment construction has been slowed by changes in tax law,

which will make real estate investments less profitable, and by rising vacancy rates. Construction of single family homes has sagged despite the decline in mortgage rates because of the accelerating price of new homes. The average price of a new home nationally was \$116,300 in August, up over 17 percent from August 1985.

Retail Trade and Services
Strong But Outlook Cloudy

Retail trade and services posted healthy gains between August and September with substantial year-to-year growth despite weakness in manufacturing. The same pattern was noted nationally as consumer spending continued to support the economic expansion. Many analysts question how long this trend will last because of rising consumer debt and slow growth in personal income.

Autos Boost Retail
Sales Jobs

Nationally, retail sales posted a record increase of 4.6 percent in September, but the gain was largely due to an increase in new automobile sales which resulted from financing incentives offered by the manufacturers. The boost in car sales won't be sustained. Excluding automobiles, sales advanced only 0.1 percent in September.

While gains in retail trade employment in the state were largely seasonal between August and September, employment at retail outlets was up a substantial 15,400, or 4.7 percent, over the year. The major gains in retail trade were credited to eating and drinking places, up 7,000, and food stores, up 5,600. Restaurants, especially fast food outlets, have continued their long-term growth trend. The major reasons are probably the increasing participation of married women in the work force, the growing number of single person households, and the relatively low cost and convenience of meals at fast food outlets.

Employment at food stores in metropolitan areas has grown rapidly in the last year because many stores are now open 24 hours each day. In addition, many have expanded their product line to include clothing, electronic products, and ready-to-go food.

Business Services
Are Popular

Services employment growth has also been strong and pervasive over the year. Nearly all segments of the service industry expanded year to year, but business services, up 4,800, and medical services, up 3,400, posted the largest gains. Business services have increased substantially as many firms find contracting out certain tasks from janitorial to data processing less expensive than using their own employees. Other firms have contracted with personnel supply firms for workers; these workers remain the employees of the supplying company and the contracting firm has no

obligation to retain them or include them in their pension or other benefit programs. When business conditions are uncertain or volatile, using employees of personnel supply agencies eliminates the disruptive effect of periodic layoffs.

Medical services posted a gain of 3,400 over the year despite obvious competitive pressures in the industry. Nonetheless, an increasing number of practitioners is pushing employment higher.

NATIONAL CONTEXT

Slow Growth May Continue

National economic indicators continued to reflect a slow moving expansion and suggest more of the same in subsequent months. While a faster moving economy would be more desirable and result in a reduced federal deficit and less unemployment, the slow-paced expansion is still preferable to any downturn. And considering the length of the current expansion, we are fortunate the expansion is still underway. November will mark the fourth year of the expansion from the 1982 recession. Only four of the previous 30 expansions have lasted four or more years. The most recent was the 1975-1980 upturn and the longest lasted nearly nine years, from 1961 through 1969.

GNP Up

The Gross National Product (GNP), the government's principal measure of economic activity, rose at a 2.4 percent annual rate in the third quarter. The advance was modest but well above the 0.6 percent gain in the second quarter. The third quarter gain reflected increased consumer spending and small gains in fixed investment and government spending. Analysts noted that much of the growth in consumer spending was for new automobiles which was prompted by financing incentives offered by car makers. Obviously, auto sales will not continue their third quarter pace in the fourth quarter.

While some analysts expect growth in the GNP to decline in the fourth quarter, others expect greater growth, citing a turnaround in trade and a rebuilding of inventories.

Trade Deficit Narrows

The trade deficit narrowed in September for the second straight month, falling to \$12.5 billion from \$16.05 billion in July. Analysts credit the improvement on the decline in the value of the dollar. The dollar's value has dropped 36 percent in relation to the trade-weighted value of foreign currency in the past 20 months. Should the decline in the deficit continue, it will increase economic growth and employment in the U.S.

Reflecting the decline in the dollar, import prices are rising at an accelerating pace, and foreign goods are becoming less competitive as foreign producers find it more difficult to pare profit margins to maintain market shares. In the third quarter, the price of imports, other than fuel, rose 2.9 percent from the second quarter. The second quarter increase was 1.1 percent. Since September 1985 import prices have increased 10.2 percent.

Leading Indicators Up

The Index of Leading Economic Indicators, the government's main barometer of future economic activity, rose 0.4 percent in September following a 0.1 percent loss in August. While the increase was modest, economists were encouraged that the rise resulted from gains in the nonfinancial components of the Index which have sagged for much of the year. Making a positive contribution to the Index were a decline in unemployment claims, an increase in orders for consumer goods, increased orders for plant and equipment, growth in business formations, an expansion in the money supply and in credit outstanding, and slower business deliveries (suggesting larger backlogs). Leading indicators on the downside in September were building permits, sensitive material prices and stock market prices. The drop in sensitive material prices reflected a sharp drop in cotton prices which resulted from a cut in government price supports.

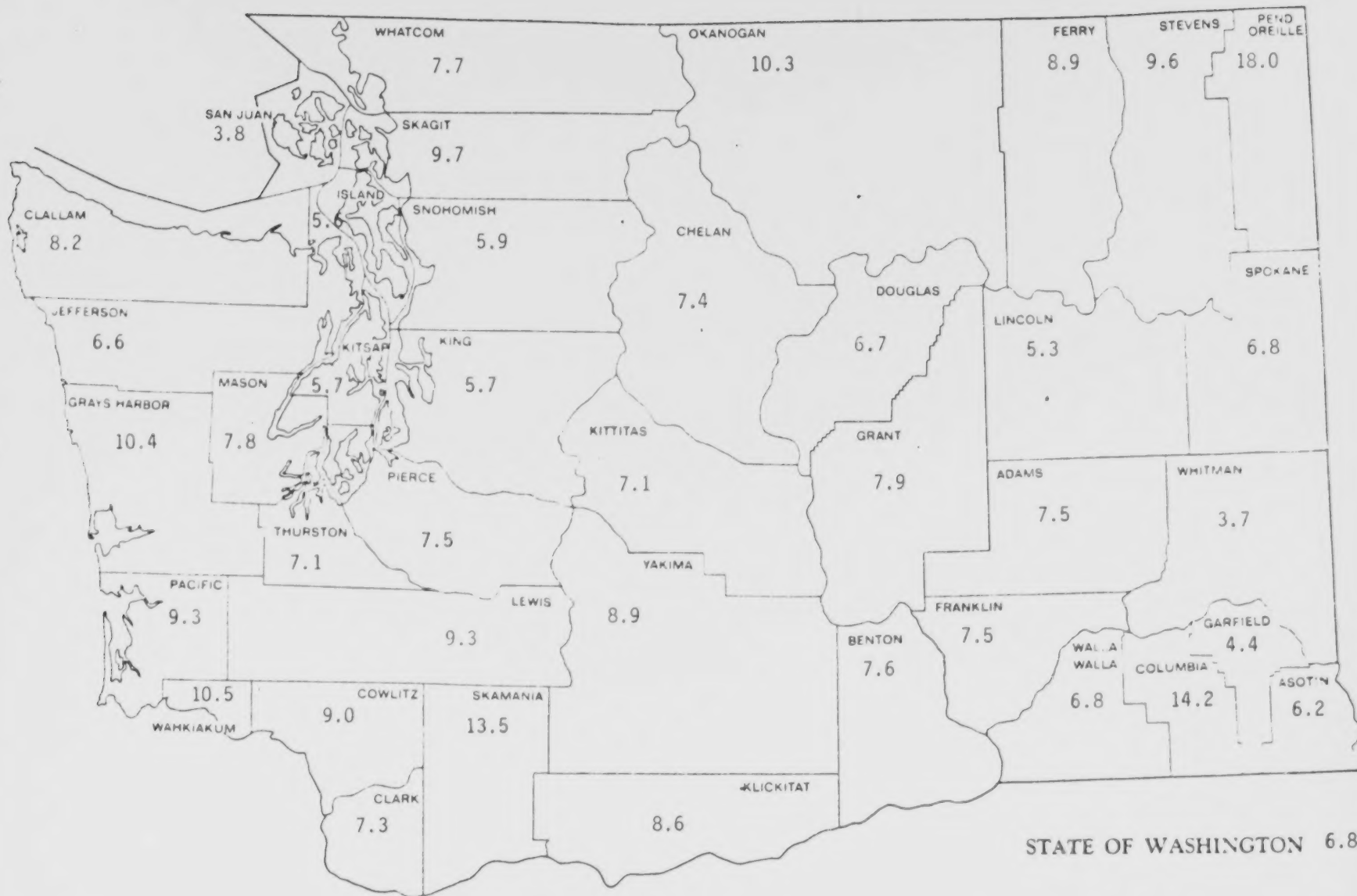
Labor Surplus Areas

The list of labor surplus areas for the fiscal year ending September 1986 has been extended by the U.S. Department of Labor until they complete work on the list for fiscal 1987. Changes in the law governing labor surplus areas reduced the population requirement for eligibility of cities from 50,000 to 25,000. The fiscal 1987 listing will be published in the Washington Labor Market as soon as possible.

CONSUMER PRICE INDEX

(All Items, Urban Consumers, 1967=100)

	<u>INDEXES</u>			<u>PERCENT CHANGE</u> Year Ending	
	<u>Sept.</u> <u>1986</u>	<u>Aug.</u> <u>1986</u>	<u>Sept.</u> <u>1985</u>	<u>Sept.</u> <u>1986</u>	<u>Aug.</u> <u>1986</u>
U.S. City Average	330.2	328.6	324.5	1.8	+1.6
Seattle-Everett	326.3	N/A	321.8	1.4	N/A



STATE OF WASHINGTON 6.8

NONAGRICULTURAL WAGE & SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 1/

(In Thousands)

NOT SEASONALLY ADJUSTED					Numerical Change	
	Sep. 1986 (Prel.)	Aug. 1986 (Rev.)	Sep. 1985 (Rev.)	Aug. 1985 (Rev.)	Aug. 86 to Sep. 86	Sep. 85 to Sep. 86
TOTAL NONAG. WAGE AND SALARY.	1,795.1	1,772.4	1,741.5	1,720.9	+22.7	+53.6
TOTAL MANUFACTURING.....	305.3	302.7	302.2	299.7	+2.6	+3.1
Durable Goods.....	210.7	209.1	207.2	205.9	+1.6	+3.5
Lumber & Wood Products....	38.3	37.2	39.1	39.3	+1.1	-0.8
Furniture & Fixtures.....	3.8	3.9	3.8	3.6	-0.1	0.0
Stone Clay & Glass Prod...	6.5	6.5	6.8	6.8	0.0	-0.3
Primary Metal Industries..	11.6 3/	11.6 3/	12.8	12.8	0.0	-1.2
Aluminum Prod. & Proc.....	7.6 3/	7.6 3/	8.6	8.6	0.0	-1.0
Fabricated Metal Prod.....	10.1	10.0	10.2	10.0	+0.1	-0.1
Machinery.....	27.6	27.7	28.8	28.6	-0.1	-1.2
Machinery exc. Elect.....	15.4	15.5	16.5	16.3	-0.1	-1.1
Electrical & Electronic...	12.2	12.2	12.3	12.3	0.0	-0.1
Transportation Equipment..	98.3	97.6	90.8	89.8	+0.7	+7.5
Aerospace.....	86.5	85.0	77.9	76.9	+0.5	+8.6
Other Transp. Equip.....	11.8	11.6	12.9	12.9	+0.2	-1.1
Instruments & Rel. Prod...	10.1	10.2	10.7	10.7	-0.1	-0.6
Misc. Manufacturing Ind...	4.4	4.4	4.2	4.3	0.0	+0.2
Nondurable Goods.....	94.6	93.6	95.0	93.8	+1.0	-0.4
Food & Kindred Products...	34.5	33.6	35.2	34.2 3/	+0.9	-0.7
Canned & Preserved Foods.	14.9	13.8	16.3	14.1	+1.1	-1.4
Apparel & Other Text. Prod.	6.7	6.7	6.3	6.3	0.0	+0.4
Paper & Allied Products...	16.7	16.7	16.5	16.7	0.0	+0.2
Printing & Publishing.....	17.5	17.5 3/	17.7	17.4	-0.0	-0.2
Chemicals & Allied Prod...	11.5	11.4	11.6	11.5	+0.1	-0.1
Other Nondurable Goods 2/.	7.7	7.7	7.7	7.7	0.0	0.0
MINING & QUARRYING.....	2.9	3.0	3.0	3.0	-0.1	-0.1
CONSTRUCTION.....	90.5	90.5	87.9	87.7	0.0	+2.6
TRANS. & PUBLIC UTILITIES....	98.1	97.7	97.2	96.5	+0.4	+0.9
WHOLESALE & RETAIL TRADE....	449.4	445.6	432.4	427.9	+3.8	+17.0
Wholesale Trade.....	111.1	109.5	109.5	107.4	+1.6	+1.6
Retail Trade.....	338.3	336.1	322.9	320.5	+2.2	+15.4
FIN. INS. & REAL ESTATE.....	105.8	105.8	100.5	100.7	0.0	+5.3
SERVICES.....	398.8	394.3	382.5	378.2	+4.5	+16.3
Health Services	121.8	121.5	118.4	118.0	+0.3	+3.4
GOVERNMENT.....	344.3	332.8	335.8	327.2	+11.5	+8.5
Federal.....	69.4	70.2	70.8	71.6	-0.8	-1.4
State & Local.....	274.9	262.6	265.0 3/	255.6	+12.3	+9.9
Education.....	139.0	119.6	131.2 3/	116.8	+19.4	+7.8
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	0.4	0.5	3.7	0.2	-0.1	-3.3

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

2/ Includes textile mill products, rubber and miscellaneous plastic products, petroleum refining and related products, and leather products.

3/ Excludes workers involved in labor-management disputes.

RESIDENT LABOR FORCE AND EMPLOYMENT
IN WASHINGTON STATE AND LABOR MARKET AREAS

DATE 10/1/86
Benchmark: 1985

(Not Seasonally Adjusted)

	SEPTEMBER 1986 PRELIMINARY 1/				AUGUST 1986 REVISED 1/				SEPTEMBER 1985 REVISED			
	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate
Washington State total	2,227,100	2,076,400	150,700	6.8	2,224,900	2,063,200	161,700	7.3	2,125,100	1,980,500	144,600	6.8
Bellingham MSA	55,900	51,600	4,300	7.7	56,800	52,400	4,400	7.7	52,700	48,800	3,900	7.4
Bremerton MSA	72,400	68,300	4,100	5.7	72,600	68,400	4,200	5.8	68,400	64,700	3,700	5.4
Olympia MSA	70,100	65,100	5,000	7.1	71,000	65,700	5,300	7.5	64,800	60,200	4,600	7.1
Seattle FMSA	979,800	923,300	56,000	5.7	980,200	922,300	57,900	5.9	927,800	873,300	54,500	5.9
King County 2/	766,200	722,800	43,400	5.7	766,200	721,700	44,500	5.8	725,500	683,400	42,100	5.8
Snohomish County 2/	213,600	201,000	12,600	5.9	213,900	200,600	13,300	6.2	202,400	190,000	12,400	6.1
SpoKane MSA	167,100	152,000	15,100	9.0	161,300	150,400	11,400	7.0	160,700	150,000	10,700	6.7
Tacoma FMSA	231,400	214,000	17,400	7.5	231,500	213,500	18,000	7.8	220,500	204,900	15,600	7.1
Tri-Cities MSA	71,100	65,700	5,400	7.6	70,200	63,800	6,400	9.1	69,600	64,300	5,300	7.6
Benton County 2/	53,700	49,800	4,100	7.6	52,900	48,200	4,700	8.9	52,600	48,500	4,100	7.8
Franklin County 2/	17,400	16,100	1,300	7.5	17,300	15,600	1,700	9.8	17,000	15,700	1,300	7.6
Vancouver FMSA	106,500	98,700	7,800	7.3	106,600	98,200	8,400	7.9	101,800	94,200	7,600	7.5
Yakima MSA	92,400	85,100	8,300	8.9	91,600	81,400	10,200	11.1	90,900	82,800	8,100	8.9
Adams	7,360	6,810	550	7.5	7,430	6,680	750	10.1	6,280	5,830	450	7.2
Asotin	8,530	8,000	530	6.2	8,700	8,110	590	6.8	8,040	7,490	560	7.0
Clallam	22,480	20,670	1,950	8.7	22,700	20,670	2,030	8.9	20,870	19,010	1,860	8.9
Columbia	1,550	1,330	220	14.2	1,670	1,420	250	15.0	1,330	1,180	150	11.3
Cowlitz	34,960	31,810	3,150	9.0	34,110	30,690	3,420	10.0	34,240	30,400	3,840	11.2
Ferry	2,800	2,550	250	8.9	2,830	2,530	300	10.6	2,500	2,260	240	9.6
Garfield	1,130	1,080	50	4.4	1,210	1,140	70	5.8	970	920	50	5.2
Grant	26,040	23,990	2,050	7.9	25,940	23,770	2,190	8.4	23,720	21,790	1,930	8.1
Grays Harbor	26,240	23,510	2,730	10.4	26,640	23,690	2,950	11.1	26,040	23,400	2,640	10.1
Island	17,110	16,160	950	5.6	16,980	16,060	920	5.4	16,410	15,510	900	5.5
Jefferson	7,370	6,880	490	6.6	7,460	6,910	550	7.4	6,880	6,400	480	7.0
Kittitas	11,630	10,810	820	7.1	11,470	10,670	800	7.0	10,860	10,080	780	7.2
Klickitat	8,800	8,040	760	8.6	9,110	8,160	950	10.4	7,950	7,260	690	8.7
Lewis	24,160	21,970	2,230	9.2	24,690	22,160	2,530	10.2	23,700	21,530	2,170	9.2
Lincoln	4,510	4,270	240	5.3	4,680	4,460	220	4.7	3,970	3,810	160	4.0
Mason	13,270	12,230	1,040	7.8	13,510	12,420	1,090	8.1	12,400	11,610	790	6.4
Okanogan	15,760	14,140	1,620	10.3	15,470	13,100	2,370	15.3	14,900	13,170	1,730	11.6
Pacific	7,070	6,410	660	9.3	7,400	6,660	740	10.0	7,050	6,290	760	10.8
Pend Oreille	7,440	6,820	620	8.0	7,550	6,920	630	8.3	7,100	6,480	620	8.7
San Juan	5,060	4,670	390	7.7	5,320	4,920	400	7.5	5,350	4,920	430	8.0
Skaagit	31,940	28,830	3,110	9.7	33,850	30,600	3,250	9.6	30,430	27,400	3,030	10.0
Skamania	2,440	2,110	330	13.5	2,390	2,060	330	13.8	2,350	2,020	330	14.0
Stevens	11,810	10,680	1,130	9.6	11,940	10,720	1,220	10.2	11,090	9,950	1,140	10.3
Wahkiakum	1,240	1,130	110	8.9	1,240	1,120	120	9.7	1,070	1,070	0	0.0
Walla Walla	24,090	22,440	1,640	6.8	23,980	22,340	1,640	6.8	23,280	21,940	1,340	5.8
Wenatchee Labor Area	46,200	42,870	3,330	7.2	41,950	37,040	4,910	11.7	46,070	42,960	3,110	6.8
Chelan County 2/	31,160	28,540	2,620	8.4	31,410	28,920	2,490	7.9	31,160	28,900	2,260	7.3
Douglas County 2/	15,040	14,030	1,010	6.7	15,530	14,120	1,410	9.1	14,900	14,060	840	5.6
Whitman	16,290	15,690	600	3.7	16,360	15,700	660	4.0	16,170	15,700	470	2.9

1/ Estimates provided here are for use as an economic time-series.

2/ Estimates are determined by using the Population/Claims Share disaggregation methodology.
Note: Detail may not add due to rounding

WASHINGTON STATE LABOR FORCE AND EMPLOYMENT
ESTIMATES FOR FEDERAL PROGRAM PURPOSES

October 31, 1986
Benchmark: 1985

(Not Seasonally Adjusted)

	SEPTEMBER 1986 PRELIMINARY 1/				AUGUST 1986 REVISED 1/			
	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate
Washington State total	2,254,300	2,094,900	159,400	7.1	2,260,900	2,098,100	172,800	7.6
Bellingham MSA	56,500	52,000	4,500	8.0	57,800	53,100	4,700	8.1
Bremerton MSA	73,300	68,900	4,400	6.0	73,700	69,200	4,500	6.1
Olympia MSA	71,000	65,700	5,300	7.5	72,200	66,500	5,700	7.9
Seattle SMSA	991,200	932,000	59,200	6.0	995,300	937,500	61,800	6.2
King County 2/	775,200	729,300	45,900	5.9	778,000	730,400	47,600	6.1
Snohomish County 2/	216,100	202,900	13,300	6.2	217,400	203,100	14,300	6.6
Spokane MSA	165,200	153,400	11,800	7.1	164,400	152,200	12,200	7.4
Tacoma MSA	234,300	215,900	18,400	7.9	235,200	216,000	19,200	8.2
Tri-Cities MSA	72,100	66,300	5,800	8.0	71,400	64,600	6,800	9.5
Benton County 2/	54,400	50,000	4,400	8.1	53,800	48,700	5,100	9.5
Franklin County 2/	17,600	16,200	1,400	8.0	17,600	15,800	1,800	10.2
Vancouver SMSA	107,900	99,600	8,300	7.7	108,300	99,400	8,900	8.2
Yakima MSA	94,700	85,900	8,800	9.3	93,300	82,400	10,900	11.7
Adams	7,450	6,870	580	7.8	7,560	6,760	800	10.6
Asotin	8,630	8,070	560	6.5	8,840	8,210	630	7.1
Clallam	22,770	20,810	1,960	8.6	23,080	20,920	2,160	9.4
Columbia	1,580	1,350	230	14.6	1,700	1,430	270	15.9
Cowlitz	35,440	32,100	3,340	9.4	34,720	31,060	3,660	10.5
Ferry	2,830	2,570	260	9.2	2,880	2,560	320	11.1
Garfield	1,150	1,090	60	5.2	1,220	1,150	70	5.7
Grant	26,370	24,200	2,170	8.2	26,400	24,060	2,340	8.9
Grays Harbor	26,610	23,720	2,890	10.9	27,120	23,970	3,150	11.6
Island	17,310	16,310	1,000	5.8	17,240	16,260	980	5.7
Jefferson	7,460	6,940	520	7.0	7,580	6,990	590	7.8
Kittitas	11,770	10,900	870	7.4	11,650	10,800	850	7.3
Klickitat	8,920	8,120	800	9.0	9,270	8,250	1,020	11.0
Lewis	24,480	22,120	2,360	9.6	25,130	22,430	2,700	10.7
Lincoln	4,550	4,300	250	5.5	4,750	4,510	240	5.1
Mason	13,440	12,340	1,100	8.2	13,740	12,570	1,170	8.5
Okanogan	15,990	14,270	1,720	10.8	15,790	13,260	2,530	16.0
Pacific	7,170	6,470	700	9.8	7,530	6,740	790	10.5
Pend Oreille	3,500	2,850	650	18.6	3,620	3,060	560	15.5
San Juan	5,120	4,920	200	3.9	5,600	5,390	210	3.9
Sagit	32,380	29,090	3,290	10.2	34,430	30,960	3,470	10.1
Skamania	2,480	2,130	350	14.1	2,440	2,080	360	14.8
Stevens	11,970	10,770	1,200	10.0	12,160	10,850	1,310	10.8
Wahkiakum	1,260	1,120	140	11.1	1,260	1,120	140	10.3
Walla Walla	24,370	22,640	1,730	7.1	24,360	22,610	1,750	7.2
Wenatchee Labor Area	46,770	43,250	3,520	7.5	42,730	37,490	5,240	12.3
Chelan County 2/	31,550	29,090	2,460	7.8	28,950	25,220	3,730	12.9
Douglas County 2/	15,230	14,160	1,070	7.0	13,780	12,270	1,510	11.0
Whitman	16,460	15,870	590	3.6	16,590	15,890	700	4.2

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data. Data are not comparable with estimates made in previous years.

2/ Estimates are determined by using the Population/Clauses Share disaggregation methodology.

Note: Detail may not add due to rounding.

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF
NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	August 1986 Production Workers/ Nonsupervisory Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		Aug-86	Jul-86	Aug-85	Aug-86	Jul-86	Aug-85	Aug-86	Jul-86	Aug-85
TOTAL MANUFACTURING INDUSTRIES*	176,300	\$458.62	\$462.50	\$448.13	39.4	38.8	38.9	\$11.64	\$11.92	\$11.52
SELECTED MANUFACTURING INDUSTRIES										
**Lumber and Wood Products	32,700	\$386.89	\$404.77	\$420.26	35.3	36.4	36.8	\$10.96	\$11.12	\$11.42
**Primary Metal Industries	9,100	\$535.46	\$530.85	\$505.86	41.8	42.4	39.8	\$12.81	\$12.52	\$12.71
Fabricated Metal Products	7,600	\$452.13	\$461.76	\$441.18	39.8	39.5	38.7	\$11.36	\$11.69	\$11.40
Machinery	15,700	\$389.46	\$350.50	\$389.03	39.7	34.6	39.9	\$9.81	\$10.13	\$9.75
Food and Kindred Products	24,800	\$353.25	\$363.89	\$364.38	37.5	36.1	38.6	\$9.42	\$10.08	\$9.44
Chemical and Allied Products	5,200	\$557.57	\$583.16	\$586.58	40.2	41.3	42.2	\$13.87	\$14.12	\$13.90
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	67,900	\$585.00	\$581.16	\$599.04	36.7	36.3	37.3	\$15.94	\$16.01	\$16.06
Wholesale and Retail Trade	273,700	\$326.62	\$319.77	\$321.65	34.6	34.2	35.0	\$9.44	\$9.35	\$9.19
(does not include eating and drinking establishments)										

* Average hourly earnings for all manufacturing production workers reported in this table do not fully reflect the official US Bureau of Labor Statistics definition of "wages." While these data still constitute a valid economic indicator series, they should not be used at this time for the negotiation of contracts whose monetary provisions may depend upon official US Bureau of Labor Statistics hourly earning data.

** Affected by labor-management disputes

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF
NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	September 1986 Production Workers/ Nonsupervisory Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		Sep-86	Aug-86	Sep-85	Sep-86	Aug-86	Sep-85	Sep-86	Aug-86	Sep-85
TOTAL MANUFACTURING INDUSTRIES*	182,800	\$458.25	\$453.17	\$457.41	39.1	39.1	39.5	\$11.72	\$11.59	\$11.58
SELECTED MANUFACTURING INDUSTRIES										
**Lumber and Wood Products	33,700	\$392.77	\$386.62	\$456.30	36.2	35.6	39.1	\$10.85	\$10.86	\$11.67
Primary Metal Industries	9,100	\$556.14	\$533.41	\$513.08	42.1	42.1	40.4	\$13.21	\$12.67	\$12.70
Fabricated Metal Products	7,800	\$446.06	\$451.49	\$454.52	39.3	39.5	39.8	\$11.35	\$11.43	\$11.42
Machinery	15,700	\$386.80	\$385.73	\$392.12	40.0	39.4	40.3	\$9.67	\$9.79	\$9.73
Food and Kindred Products	26,300	\$344.45	\$352.50	\$348.35	36.8	37.5	37.7	\$9.36	\$9.40	\$9.24
Chemical and Allied Products	5,200	\$569.20	\$563.20	\$605.52	40.0	40.2	43.5	\$14.23	\$14.01	\$13.92
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	67,600	\$587.56	\$583.53	\$592.92	37.0	36.7	36.6	\$15.88	\$15.90	\$16.20
Wholesale and Retail Trade (does not include eating and drinking establishments)	275,900	\$323.95	\$324.55	\$328.41	34.1	34.6	34.9	\$9.50	\$9.38	\$9.41

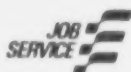
* Average hourly earnings for all manufacturing production workers reported in this table do not fully reflect the official US Bureau of Labor Statistics definition of "wages." While these data still constitute a valid economic indicator series, they should not be used at this time for the negotiation of contracts whose monetary provisions may depend upon official US Bureau of Labor Statistics hourly earning data.

** Affected by labor-management disputes



Washington

LABOR MARKET



Washington State
Employment Security

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Commissioner

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In cooperation with the
Employment and Training
Administration
U.S. Department of Labor

November 1986

Highlights

Employment Up Seasonally

Total unemployment in Washington State rose from 151,200 and 6.8 percent of the labor force in September to 158,500 and 7.1 percent in October. The increase in the jobless rate was normal for this time of the year and the seasonally adjusted rate was unchanged at 7.7 percent. The increase resulted from seasonal employment reductions in agriculture, food processing, construction and the tourist-related trade and service industries.

Colleges Begin New Year

Despite the seasonal job losses, total employment rose 6,500 over the month as higher employment in education more than offset losses in other industries. Unemployment rose because few of those losing jobs in agriculture manufacturing, construction and other industries were hired in education.

Nonagricultural payroll employment moved up 1,700 in October with a gain of 16,800 in public

	Oct. 1986* (Prel.)	Sep. 1986* (Rev.)	Oct. 1985
Civilian Labor Force	2,242,300	2,228,500	2,150,600
Total Employment	2,083,800	2,077,300	1,998,100
Total Unemployment	158,500	151,200	152,500
State Unemployment Rate	7.1	6.8	7.1
National Civilian Unemployment Rate	6.6	6.8	6.8

*These data represent alternative estimates of labor force conditions developed by the State Employment Security Department. They are more comparable with data released in previous years than are the official Bureau of Labor Statistics estimates developed for federal program purposes. (Data in this table are not seasonally adjusted.)

education. The increase was largely at universities and colleges with most starting their new academic year after mid-September. (Employment estimates relate to the week including the 12th of each month.) Education payrolls were also boosted by continued hiring at elementary and secondary schools which were rounding out their staffs for the new school year.

Summer Tourist Season Over Employment in most other industries declined in October. Payrolls in retail trade fell 4,000 largely because of seasonal reductions at restaurants and other eating and drinking places where business slowed following the end of the summer tourist season. September jobs levels were also high because of hundreds of temporary jobs at food stands and other eating places at fairs, especially the Western Washington fair in Puyallup.

Private Schools Add Employees Too

Services employment was down 600 from September, but losses in amusement and recreation (carnivals, fairs, golf, etc.) and other summer activities were cushioned by an increase in private education where nonpublic colleges began a new school year. Construction employment dipped 1,400 with fewer new projects being started because of the approach of winter and many outside jobs winding down until spring. Transportation and public utilities, off 1,700, also cut back as usual at this time of the year because of a drop in commercial business and fewer farm commodities moving to market.

Canning Season Past Its Peak

Manufacturing employment fell 1,600 between September and October. The only major change occurred in canned and preserved foods which was down 1,600 alone as the canning season passed its peak for the year. Gains and losses in other manufacturing industries were offsetting. Aerospace added 400 to continue its expansion, but at a slower pace than earlier this year. Aluminum payrolls were up 400 following the settlement of a labor dispute. Machinery fell 400; pulp and paper was down 300; and lumber payrolls dipped 200.

Jobs Up Over The Year But Manufacturing Weak

Nonfarm wage and salary payrolls were up 50,700, or 2.9 percent, over the year. The growth margin is substantial, above the 2.4 percent year-to-year gain nationally and slightly above the 1984-1985 increase of approximately 48,000. The expansion, however, has been uneven by industry as well as by area. Seven out of ten, or 36,500, of the new jobs were in the trade and service industries alone. Manufacturing employment, by contrast, has increased only 1,600, or less than one percent over the year. Moreover, without aerospace, it would have actually been down 6,700 or three percent. Aerospace itself rose 8,300

over the year to more than offset losses in other manufacturing industries.

Low-priced foreign goods have kept inflation in check, helped fuel the expansion in retail trade, and created a sizable number of jobs in activities related to imports, such as transportation, longshoring, warehousing, and legal and financial services necessary to support foreign trade. But at the same time, imports have resulted in layoffs in domestic manufacturing industries because of the competition from abroad.

Foreign Competition Hurt Some Manufacturing Industries

Industries particularly hard hit by foreign competition in Washington State and their year-to-year employment losses include lumber-wood products (down 900), primary metals (down 1,000), "other transportation equipment mainly shipbuilding" (down 900) and instruments (down 700). Job losses over the past year, however, are just the tip of the iceberg in the case of the lumber and "other transportation equipment (shipbuilding)" industries. Employment in lumber, the state's second largest source of manufacturing jobs, dropped 18,300, or 33 percent, since October 1978 largely because of increasing competition from Canadian producers and automation. The increased automation though, was largely prompted through the increased competitive pressure. In "other transportation equipment," employment plunged 9,100, or 43 percent, in the state since October 1978 because of competition from foreign shipyards and shipyards on the Gulf and East Coast of this country which have lower wage rates.

Foreign competition has also adversely affected wage rates. Many workers who have retained manufacturing jobs affected by foreign competition have done so by

accepting lower wages. Wage and/or fringe benefit reductions have been widespread, affecting thousands of workers in the lumber, aluminum, machinery and shipbuilding industries in the state. The cumulative effect of these reductions on purchasing power will likely slow the growth in the state's trade and service industries.

The nation's trade deficit appears to have stabilized in recent months in response to the decline in the value of the dollar relative to foreign currencies. The deficit totaled \$12.06 billion in October, down from \$14.74 billion in September and \$14.03 billion in August. The October figure, however, is preliminary, and initial trade estimates are often revised upward because of delays in reporting imports.

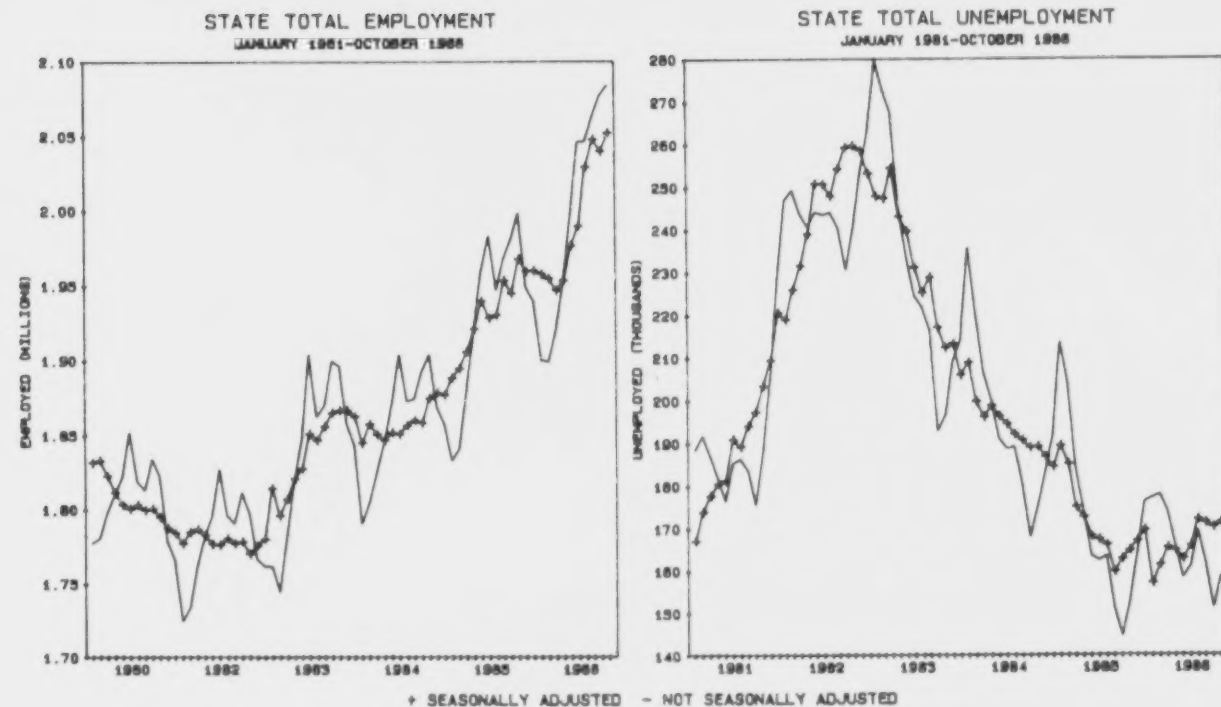
Area Developments

The increase in unemployment was fairly uniform in major areas of the state in October; Eastern Washington, Western Washington, lumber areas and metropolitan areas all saw their combined rates go up three to four-tenths of a point, which is normal for this time of the year. Whitman County was a notable exception with its rate dropping from 3.6 to 3.1 percent as employment jumped from 15,940 to 17,530 because of the beginning of the fall term at Washington State University. The effect of a new school year in other areas of the state which have major colleges or universities was not as pronounced because they have larger and more diversified economies than Whitman County.

Lumber Counties at 9.8 Percent Unemployment

While rates were up in most areas, they continued to range widely, reflecting trends in local industries. Compared with the statewide average of 7.1 percent, Eastern Washington's rate at 8.0 percent was nearly a full point higher because of the seasonal nature of

its agriculture and food processing industries. The 14 counties whose major source of manufacturing jobs is the lumber industry had a combined rate of 9.8 percent in October, still at a recessionary level because of the severe cutbacks in lumber employment. On the other end of the scale, unemployment in the Seattle and Bremerton metropolitan areas at 5.9 percent remained well below the statewide (7.1) and national (6.6) rates. Seattle, of course, benefits from its expanding aerospace industry and more diversified economy, while Bremerton owes its low rates to the presence of major Navy installations which dominate its economy.



MANUFACTURING

Shakeout To Continue In Lumber But Hope For Future Remains

Representatives of the lumber industry at the annual meeting of the Pacific Logging Congress said that the industry faces a further shakeout because of declining markets, but they also suggested that the industry could rebound by increasing productivity, cutting costs, and developing new foreign markets.

George Weyerhaeuser, president and chief executive officer of The Weyerhaeuser Company, said one of the best hopes for the industry was man-made products that combine wood and other fibers and chemicals. He added that Northwest timber companies could prosper if they respond adequately to growing demand for wood products from Pacific Rim countries.

Another lumber executive said he did not expect the need for lumber to grow because the demand for new homes from the "baby boom" generation is probably over. He also said that the tariff on Canadian lumber will result in intensified competition for the United States in foreign lumber markets from Canada.

Pay Cuts Result In Strike

About 200 workers at the Pope and Talbot lumber mill in Port Gamble went on strike in early November when wages and benefits were cut about \$3 an hour, five paid holidays eliminated, vacation time reduced, and bonuses for senior employees eliminated. The firm's union employees rejected the latest contract proposal by a margin of 141 to 27.

Negotiations On Lumber Tariff Still Underway

In response to the 15 percent duty imposed on Canadian lumber imported into the United States, the Canadian government has proposed raising the price of its lumber exported to this country by 15 percent. This would keep an estimated \$600 million in Canada. Settlement of the dispute, however, would require the approval of major U.S. lumber producers. The coalition for Fair Lumber Imports, which represents

many major U.S. producers, however, believes that it can get duties above 20 percent on Canadian softwood imports. The U.S. Department of Commerce will make its final determination on the matter December 30 unless an agreement is worked out between U.S. lumber firms and Canada before that time.

Japan to Limit Exports

In negotiations with the Reagan administration, Japan has agreed to limit the growth of textiles and clothing shipments to the United States to 0.8 percent annually through 1989. Japanese textile imports rose 17 percent in the first nine months of this year, and U.S. trade officials said that Japan would have to cut back into next year to reach the 0.8 percent limit, but industry sources disputed that. A spokesman for a textile industry trade association said that the agreement contained a major loophole; it will not stop goods from being shipped from Korea through Japan.

Another agreement is expected to be reached with Japan to limit imports of machine tools to the U.S. Foreign machine tools now account for 46 percent of the U.S. market. Agreements were also near with West Germany and Taiwan. Japan, however, accounts for 49 percent of machine tool imports and would limit its shipments to the 1981 level.

Help For Dislocated Workers

The U.S. Department of Labor announced in November that it would provide \$625,000 to assist dislocated workers in Washington State who were displaced because of plant closures and mass layoffs. The State Employment Security Department will receive \$225,000 of that amount to provide assistance to up to 75 workers who lost jobs when the Western Gear Machinery Plant in Everett closed. The workers will receive career assessment and evaluation, training, relocation assistance and supportive services.

Supportive services include reimbursement for transportation, health care, temporary shelter, and child care.

The Department will also receive \$400,000 to assist up to 330 electronic, primary metals, textile and food product workers involved in a number of plant closures in Eastern Washington. Included are former workers of Key Tronics in Newport, Kaiser and Square D in Spokane, All Seasons Apparel in Wenatchee and Associated Grocers in Yakima.

Boeing Engineers Accept New Contract

The Seattle Professional Engineering Association, representing 24,000 Boeing employees, accepted a new three-year contract with a 55 percent favorable vote of its members in November. The contract provides no general wage increase, but provides for productivity bonuses, merit payments and cost-of-living increases higher than the current rate of inflation. A similar contract was rejected by Boeing engineers in Wichita, Kansas.

New Contracts

In early November The Boeing Company announced orders for new jetliners valued at over \$165 million from Cathay Pacific Airways in Hong Kong and Southwest Airlines based in Dallas. The Cathay Pacific order was for a 747-300 jumbo jet to be delivered in March 1988. These planes have an average cost of about \$115 million. Cathay also signed an option to purchase a second 747-300. Southwest Airlines ordered two 737-300 twin engine jets to be delivered in June 1988. These planes cost an average of \$26 million each.

Labor Disputes Hit Shipyards

Efforts of shipyards to reduce labor costs sparked labor disputes in November. A labor-management dispute involved about 900 Lockheed Shipbuilding

workers. Todd Shipyards said it would impose its latest contract offer on union employees December 1. The offer calls for pay cuts but provides for profit-sharing. The workers rejected the proposal by a vote of 684 to 24. Meanwhile five smaller shipyards building fishing boats were advertising for workers to replace about 450 strikers.

Tacoma Boatbuilding workers are considering a new contract offer which would cut wages by about \$3 an hour. The company, which is in bankruptcy proceedings, said it needs lower labor costs to attract new business. The firm's two remaining major projects are nearing completion. It has bid on several contracts based on a tentative wage agreement reached with local union leaders.

High-Tech Workers Face Layoff In Spokane

Instrumentation Laboratory in Spokane with about 145 employees will reduce employment to around 125 by the beginning of the year and may eventually phase the Spokane plant out entirely. The parent company wants to centralize research and manufacturing work at another facility in Massachusetts.

Twenty workers involved in research and development will be affected by the initial cutback. The company will continue to manufacture its blood chemistry analyzer in Spokane, but the plant could be closed when that device becomes outdated and production is stopped. The parent company, however, said that the Spokane plant could continue to operate after the analyzer manufacturing is discontinued, but that would depend on developing a new mission for the plant. A steering committee is considering possible alternative missions.

Coming and Going

NONMANUFACTURING INDUSTRIES

Itron Corporation, also of Spokane, announced the layoff of 25 of its 450 employees in November. The company president cited lower orders than anticipated because of the general weakness in the electronics industry.

Northwest Composites, a division of C&D Plastics, will begin manufacturing aerospace products in a plant near Marysville next year. The firm expects to employ 200 to 300 workers within two years. On the negative side, Commonwealth Aluminum will close its smelter in Goldendale (Klickitat County) at the close of the year, ending the jobs of 600 workers. The depressed lumber industry, unfortunately is the only other major source of manufacturing jobs in the area, and unemployment in the county is already well above the statewide average, 8.4 versus 7.1 percent.

Construction employment, which fell 1,400 in October, will continue to decline until weather conditions begin to improve in February or March. The outlook in the building trades for further growth next year is not optimistic because of the recent downward trend in housing starts. Nationally, housing starts fell to a seasonally adjusted annual rate of 1,648,000 units in October, down 7.6 percent from a year ago and the lowest level in 20 months. A major factor in the decline has been a reduction in apartment construction, which has resulted from overbuilding and changes in the new tax law that eliminate many shelter incentives. The U.S. Commerce Department expects the slow pace in homebuilding to continue for several months. Many analysts, however, are not disturbed by the recent trend. Some feel housing starts are at a temporary low point, while others believe they have dropped to a more sustainable level; the decline in recent months may prevent a sharp drop later. Housing

starts in 1986 are expected to total between 1,800,000 and 1,850,000 units, up from 1,741,800 units in 1985. Many housing economists are forecasting a drop to 1,650,000 or 1,600,000 in 1987 largely because of an expected slowdown in apartment construction.

Retail Jobs Down As Tourist Season Ends

The drop of 4,000 in retail trade in October was large but not surprising following the end of the summer tourist season and the conclusion of fairs for the year. Expo 86 in Vancouver, B.C. boosted both the trade and service industries in Washington State this year. According to the state Tourism Development Division, Expo 86 extended the state's own tourist season by ten weeks. Business was especially brisk this summer along the I-5 corridor and at the Seattle-Tacoma Airport because of tourists on their way to Expo 86. Domestic arrivals at the airport were up 20 percent and international arrivals rose 13 percent, well above the average gain nationally. State park attendance was up ten percent and attendance at other tourist attractions rose 16 percent. Highway traffic was estimated to have increased eight percent.

Sleigh Bells Ring

In contrast to the 4,000 drop in retail trade in October, employment at retail outlets will jump 8,000 to 10,000 between October and December as thousands of temporary clerks are hired to serve holiday shoppers. These jobs will do little to lower unemployment because most of these jobs will be filled by secondary wage earners and not workers laid off because of seasonal factors in lumber, construction and other goods-producing industries. Nonetheless, the holiday jobs will give the economy a lift.

Shortage of Young Workers

At a time when unemployment is over seven percent, it seems ludicrous to talk of labor shortages, but a shortage is developing for teenage workers who fill many of the low-paid jobs in the retail trade and service industries. The number of teenagers has been declining for several years nationally as well as in this state because of low birth rates in the late 1960s and will decline even more sharply in the next few years. Between 1982 and 1987 the number of youth aged 16-19 in Washington State is expected to drop 11,155, or four percent. Between 1987 and 1992, however, their population may fall 31,074 or 12 percent.

To combat the shortage, the National Restaurant Association, the American Hotel and Motel Association and other industry groups have launched a campaign to attract more waiters, cooks and maids. The promotion will use a videotape and other materials to improve the image of these jobs and stress rapid job advancement. Some employers are now using senior citizens and disabled workers to help fill the gap.

NATIONAL CONTEXT

National economic indicators continue to reflect slow growth in the economy, and many economists anticipate more of the same. While there are no signs of a recession, growth sufficient to reduce unemployment further seems unlikely over the next several months. Industrial production has shown little change recently and is still below its January 1986 level despite the apparent leveling of the trade deficit. The outlook for housing and consumer spending is not favorable either, and they provided the underpinning for the economic growth this year.

Increase in Consumer Spending to Taper Off

Consumer spending rose considerably in the last year, but the growth rate is not sustainable. Personal consumption expenditures jumped 6.4 percent between September 1985 and 1986, while disposable personal income rose 5.2 percent. As could be expected the savings rate has declined sharply while debt has soared. Consumer installment debt as a percentage of disposable income is at a record 19.4 percent. Moreover, two factors which fueled consumer spending so far this year have largely played out. The sharp decline in oil prices earlier this year is estimated to have increased spendable income by \$28 billion in the U.S. Unless oil prices drop sharply again, which is unlikely, it will not provide any further additions to discretionary income. Another one time addition to spendable income in 1986 was mortgage refinancing, which lowered monthly payments for thousands of home owners. Most of this refinancing, of course, has already been accomplished and there will be little further increase in discretionary income because of it unless there is another sharp drop in interest rates.

Leading Indicators Up

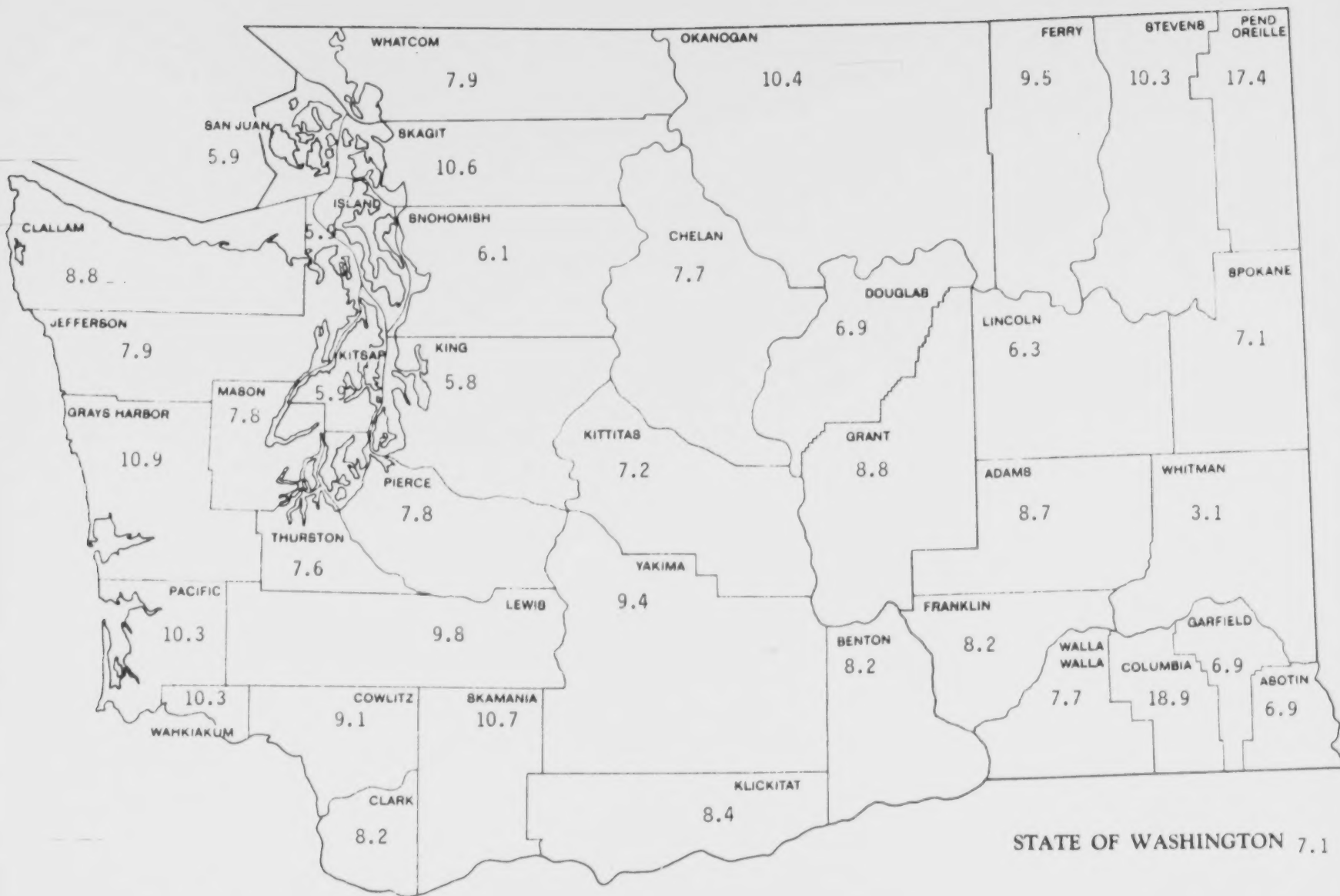
On the positive side, the Index of Leading Economic Indicators, the government's main barometer of future economic activity, rose 0.6 percent in October to post its largest gain since a 1.0 percent increase in July. Some analysts suggested the rise may have overstated the economies strength. The gain in October partly reflected a jump in sensitive material prices, especially waste paper, raw cotton and aluminum scrap. Without the increase in material prices, the index would have went up only 0.3 percent. Analysts also noted that the rise was largely in financial indicators, while indicators of manufacturing activity were still weak. The Commerce Department Secretary was more optimistic saying that a "sharp improvement in initial claims for unemployment insurance should mean faster growth in employment."

Besides the drop in initial claims and increase in sensitive material prices, the index was boosted by an increase in the money supply, an expansion in outstanding credit, and slower business deliveries (suggesting larger order backlogs). Leading indicators which fell in October were the average work-week, orders for consumer goods, business formations, plant and equipment orders, building permits, and stock market prices.

CONSUMER PRICE INDEX

(All Items, Urban Consumers, 1967=100)

	INDEXES			PERCENT CHANGE Year Ending	
	Oct. 1986	Sep. 1986	Oct. 1985	Oct. 1986	Sep. 1986
U.S. City Average	330.5	330.2	325.5	+1.5	+1.8
Seattle-Everett	N/A	326.3	N/A	N/A	+1.4



STATE OF WASHINGTON 7.1

NONAGRICULTURAL WAGE & SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 1/

(In Thousands)

NOT SEASONALLY ADJUSTED					Numerical Change	
	Oct. 1986 (Prel.)	Sep. 1986 (Rev.)	Oct. 1985 (Rev.)	Sep. 1985 (Rev.)	Sep. 86 to Oct. 86	Oct. 85 to Oct. 86
TOTAL NONAG. WAGE AND SALARY.	1,795.8	1,794.1	1,745.1	1,741.5	+1.7	+50.7
TOTAL MANUFACTURING.....	303.4	305.0	301.8	302.2	-1.6	+1.6
Durable Goods.....	210.5	210.5	207.8	207.2	-0.0	+2.7
Lumber & Wood Products....	37.9	38.1	38.8	39.1	-0.2	-0.9
Furniture & Fixtures.....	3.9	3.9	3.8	3.8	0.0	+0.1
Stone Clay & Glass Prod...	6.4	6.5	6.8	6.8	-0.1	-0.4
Primary Metal Industries..	11.9	11.6 3/	12.9	12.8	+0.3	-1.0
Aluminum Prod.& Proc.....	7.9	7.5 3/	8.6	8.6	+0.4	-0.7
Fabricated Metal Prod.....	9.9	10.1	10.1	10.2	-0.2	-0.2
Machinery.....	27.1	27.5	29.1	28.8	-0.4	-2.0
Machinery exc. Elect.....	15.0	15.3	17.0	16.5	-0.3	-2.0
Electrical & Electronic..	12.1	12.2	12.1	12.3	-0.1	0.0
Transportation Equipment..	98.9	98.3	91.5	90.8	+0.6	+7.4
Aerospace.....	86.9	86.5	78.6	77.9	+0.4	+8.3
Other Transp. Equip.....	12.0	11.8	12.9	12.9	+0.2	-0.9
Instruments & Rel. Prod...	9.9	10.1	10.6	10.7	-0.2	-0.7
Misc. Manufacturing Ind...	4.6	4.4	4.2	4.2	+0.2	+0.4
Nondurable Goods.....	92.9	94.5	94.0	95.0	-1.6	-1.1
Food & Kindred Products...	32.9	34.6	34.2	35.2	-1.7	-1.3
Canned & Preserved Foods.	13.4	15.0	14.6	16.3	-1.6	-1.2
Apparel & Other Text.Prod.	6.7	6.7	6.5	6.3	0.0	+0.2
Paper & Allied Products...	16.3	16.6	16.3	16.5	-0.3	0.0
Printing & Publishing.....	17.8	17.5	17.7	17.7	+0.3	+0.1
Chemicals & Allied Prod...	11.5	11.5	11.7	11.6	0.0	-0.2
Other Nondurable Goods 2/.	7.7	7.6	7.6	7.7	+0.1	+0.1
MINING & QUARRYING.....	2.8	2.9	2.9	3.0	-0.1	-0.1
CONSTRUCTION.....	89.2	90.6	85.6	87.9	-1.4	+3.6
TRANS. & PUBLIC UTILITIES....	95.9	97.6	96.0	97.2	-1.7	-0.1
WHOLESALE & RETAIL TRADE....	444.7	449.4	428.5	432.4	-4.7	+16.2
Wholesale Trade.....	110.5	111.2	107.9	109.5	-0.7	+2.6
Retail Trade.....	334.2	338.2	320.6	322.9	-4.0	+13.6
FIN. INS. & REAL ESTATE.....	105.5	106.0	100.6	100.5	-0.5	+4.9
SERVICES.....	398.7	399.3	378.4	382.5	-0.6	+20.3
Health Services	122.1	121.7	118.3	118.4	+0.4	+3.8
GOVERNMENT.....	355.6	343.3	351.3	335.8	+12.3	+4.3
Federal.....	68.5	69.5	70.1	70.8	-1.0	-1.6
State & Local.....	287.1	273.8 3/	281.2	265.0 3/	+13.3	+5.9
Education.....	154.6	137.8 3/	151.0	131.2 3/	+16.8	+3.6
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	0.0	0.5	0.0	3.7	-0.5	0.0

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

2/ Includes textile mill products, rubber and miscellaneous plastic products, petroleum refining and related products, and leather products.

3/ Excludes workers involved in labor-management disputes.

Washington State
Employment Security Department
Labor Market and Economic Analysis Branch

RESIDENT LABOR FORCE AND EMPLOYMENT
IN WASHINGTON STATE AND LABOR MARKET AREAS

DATE 12/2/86
Benchmark: 1985

(Not Seasonally Adjusted)

	OCTOBER 1986 PRELIMINARY 1/				SEPTEMBER 1986 REVISED 1/				OCTOBER 1985 REVISED			
	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate
Washington State total	2,242,300	2,083,800	158,500	7.1	2,228,500	2,077,300	151,200	6.8	2,150,600	1,998,100	152,500	7.1
Bellingham MSA	55,900	51,500	4,400	7.9	55,800	51,500	4,300	7.7	54,100	50,000	4,100	7.6
Bremerton MSA	73,500	69,200	4,300	5.9	72,300	68,200	4,100	5.7	70,000	66,200	3,800	5.4
Olympia MSA	71,100	65,700	5,400	7.6	70,000	65,000	5,000	7.1	66,800	61,700	5,100	7.6
Seattle PMSA	991,800	933,500	58,300	5.9	979,100	923,000	56,100	5.7	936,000	879,000	57,000	6.1
King County 2/	775,700	730,500	45,200	5.8	765,600	722,200	43,400	5.7	731,700	687,800	43,900	6.0
Snohomish County 2/	216,200	203,100	13,100	6.1	213,400	200,800	12,600	5.9	191,200	173,100	18,100	9.4
Spokane MSA	165,700	154,000	11,700	7.1	163,500	152,400	11,100	6.8	164,400	152,800	11,600	7.1
Tacoma PMSA	234,000	215,700	18,300	7.8	231,300	213,900	17,400	7.5	224,600	208,100	16,500	7.3
Tri-Cities MSA	69,700	64,000	5,700	8.2	71,100	65,600	5,500	7.7	68,400	63,200	5,200	7.6
Benton County 2/	52,600	48,300	4,300	8.2	53,800	49,600	4,200	7.8	51,800	47,700	4,100	7.9
Franklin County 2/	17,100	15,700	1,400	8.2	17,400	16,100	1,300	7.5	16,700	15,500	1,200	7.2
Vancouver PMSA	106,100	97,400	8,700	8.2	106,200	98,300	7,900	7.4	102,700	94,700	8,000	7.8
Yakima MSA	95,500	86,500	9,000	9.4	95,900	87,500	8,400	8.8	91,500	81,900	9,600	10.5
Adams	7,350	6,710	640	8.7	7,350	6,800	550	7.5	6,630	6,160	470	7.1
Asotin	8,450	7,870	580	6.9	8,330	7,790	540	6.5	8,320	7,570	750	9.0
Clallam	21,760	19,840	1,920	8.8	22,560	20,700	1,860	8.2	20,750	18,890	1,860	9.0
Columbia	1,590	1,290	300	18.9	1,550	1,330	220	14.2	1,600	1,310	290	18.1
Cowlitz	34,650	31,150	3,500	9.1	34,900	31,730	3,170	9.1	34,440	30,730	3,710	10.8
Ferry	2,750	2,490	260	9.5	2,800	2,550	250	8.9	2,540	2,290	250	9.8
Garfield	1,160	1,080	80	6.9	1,140	1,080	60	5.3	1,140	1,080	60	5.3
Grant	25,240	23,020	2,220	8.8	26,190	24,120	2,070	7.9	23,360	21,480	1,880	8.0
Grays Harbor	26,530	23,640	2,890	10.9	26,210	23,450	2,760	10.5	26,190	23,510	2,680	10.2
Island	17,040	16,040	1,000	5.9	17,090	16,150	940	5.5	16,550	15,560	990	6.0
Jefferson	7,320	6,740	580	7.9	7,380	6,880	500	6.8	6,930	6,450	480	6.9
Kittitas	12,130	11,260	870	7.2	11,420	10,620	800	7.0	11,870	11,050	820	6.9
Klickitat	8,650	7,920	730	8.4	8,800	8,040	760	8.6	8,510	7,860	650	7.6
Lewis	24,540	22,140	2,400	9.8	24,140	21,900	2,240	9.3	24,510	21,920	2,590	10.6
Lincoln	4,410	4,130	280	6.3	4,500	4,260	240	5.3	4,590	4,170	420	9.2
Mason	13,580	12,520	1,060	7.8	13,260	12,220	1,040	7.8	12,630	11,790	840	6.7
Okanogan	15,630	14,000	1,630	10.4	15,740	14,110	1,630	10.4	15,060	13,530	1,530	10.2
Pacific	6,990	6,270	720	10.3	7,060	6,410	650	9.2	7,150	6,360	790	11.0
Pend Oreille	3,340	2,760	580	17.4	3,430	2,820	610	17.8	3,640	3,140	500	13.7
San Juan	4,250	4,000	250	5.9	5,000	4,810	190	3.8	4,700	4,470	230	4.9
Skagit	31,250	27,930	3,320	10.6	31,880	28,780	3,100	9.7	29,780	26,670	3,110	10.4
Skamania	2,340	2,090	250	10.7	2,450	2,120	330	13.5	2,320	2,040	280	12.1
Stevens	11,610	10,410	1,200	10.3	11,920	10,670	1,250	10.5	11,410	10,190	1,220	10.7
Wahkiakum	1,260	1,130	130	10.3	1,240	1,110	130	10.5	1,280	1,140	140	10.9
Walla Walla	23,480	21,680	1,800	7.7	24,070	22,420	1,650	6.9	24,440	22,800	1,640	6.7
Wenatchee Labor Area	43,560	40,300	3,260	7.5	46,430	43,070	3,360	7.2	43,280	40,290	2,990	6.9
Chelan County 2/	29,380	27,110	2,270	7.7	31,520	28,970	2,550	7.5	29,240	27,100	2,140	7.3
Douglas County 2/	14,170	13,190	980	6.9	15,120	14,100	1,020	6.7	14,030	13,190	840	6.0
Whitman	18,100	17,530	570	3.1	16,540	15,940	600	3.6	18,630	18,010	620	3.3

1/ Estimates provided here are for use as an economic time-series.

2/ Estimates are determined by using the Population/Claire Share disaggregation methodology.
Note: Detail may not add due to rounding

Washington State
Employment Security Department
Labor Market and Economic Analysis Branch

WASHINGTON STATE LABOR FORCE AND EMPLOYMENT
ESTIMATES FOR FEDERAL PROGRAM PURPOSES

DECEMBER 2, 1986
Benchmark: 1985

(Not Seasonally Adjusted)

	OCTOBER 1986 PRELIMINARY 1/				SEPTEMBER 1986 REVISED 1/			
	Labor Force	Employment	Unemploy- ment	Unemp. Rate	Labor Force	Employment	Unemploy- ment	Unemp. Rate
Washington State total	2,260,200	2,092,600	167,600	7.4	2,255,700	2,095,800	159,900	7.1
Bellingham MSA	56,300	51,700	4,600	8.2	56,500	52,000	4,500	8.0
Bremerton MSA	74,100	69,500	4,600	6.2	73,200	68,800	4,400	6.0
Olympia MSA	71,700	66,000	5,700	7.9	70,900	65,600	5,300	7.5
Seattle PMSA	999,200	937,500	61,700	6.2	990,500	931,200	59,300	6.0
King County 2/	781,300	733,500	47,800	6.1	774,500	728,600	45,900	5.9
Snohomish County 2/	217,700	203,900	13,800	6.3	216,000	202,600	13,400	6.2
Spokane MSA	186,900	154,600	32,300	7.4	185,600	153,800	31,800	7.1
Tacoma MSA	236,000	216,600	19,400	8.2	234,200	215,800	18,400	7.9
Tri-Cities MSA	70,300	64,200	6,100	8.7	72,000	66,200	5,800	8.1
Benton County 2/	53,100	48,500	4,600	8.7	54,400	50,000	4,400	8.1
Franklin County 2/	17,200	15,700	1,500	8.7	17,600	16,200	1,400	8.0
Vancouver PMSA	107,000	97,800	9,200	8.6	107,500	99,200	8,300	7.7
Yakima MSA	96,400	86,900	9,500	9.9	97,100	88,200	8,900	9.2
Adams	7,400	6,730	670	9.1	7,440	6,860	580	7.8
Asotin	8,520	7,900	620	7.3	8,430	7,860	570	6.8
Clallam	21,950	19,920	2,030	9.2	22,840	20,880	1,960	8.6
Columbia	1,610	1,290	320	19.9	1,580	1,340	240	15.2
Cowlitz	34,970	31,640	3,330	9.5	35,370	32,010	3,360	9.5
Ferry	2,770	2,500	270	9.7	2,830	2,570	260	9.2
Garfield	1,170	1,090	80	6.8	1,150	1,090	60	5.2
Grant	25,460	23,120	2,340	9.2	26,520	24,330	2,190	8.3
Grays Harbor	26,800	23,740	3,060	11.4	26,580	23,660	2,920	11.0
Island	17,150	16,100	1,050	6.1	17,290	16,290	1,000	5.8
Jefferson	7,370	6,760	610	8.3	7,470	6,940	530	7.1
Kittitas	12,230	11,310	920	7.5	11,560	10,710	850	7.4
Klickitat	8,720	7,950	770	8.8	8,910	8,110	800	9.0
Lewis	24,770	22,230	2,540	10.3	24,460	22,090	2,370	9.7
Lincoln	4,440	4,140	300	6.8	4,550	4,300	250	5.5
Mason	13,690	12,570	1,120	8.2	13,420	12,320	1,100	8.2
Okanogan	15,790	14,060	1,730	11.0	15,960	14,240	1,720	10.8
Pacific	7,060	6,300	760	10.8	7,160	6,470	690	9.6
Pend Oreille	3,390	2,780	610	18.0	3,500	2,850	650	18.6
San Juan	4,280	4,020	260	6.1	5,050	4,850	200	4.0
Skagit	31,570	28,050	3,520	11.1	32,310	29,040	3,270	10.1
Skamania	2,370	2,100	270	11.4	2,490	2,140	350	14.1
Stevens	11,720	10,450	1,270	10.8	11,980	10,760	1,220	10.2
Wahkiakum	1,280	1,140	140	10.9	1,260	1,120	140	11.1
Walla Walla	23,670	21,770	1,900	8.0	24,370	22,620	1,750	7.2
Wenatchee Labor Area	43,920	40,470	3,450	7.9	47,010	43,450	3,560	7.6
Chelan County 2/	29,640	27,230	2,410	8.1	31,710	29,230	2,480	7.8
Douglas County 2/	14,290	13,250	1,040	7.3	15,300	14,220	1,080	7.1
Whitman	18,220	17,610	610	3.3	18,710	18,080	630	3.8

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data. Data are not comparable with estimates made in previous years.

2/ Estimates are determined by using the Population/Claims Share disaggregation methodology.

Note: Detail may not add due to rounding.

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF
NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	October 1986 Production Workers/ Nonsupervisory Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		Oct-86	Sep-86	Oct-85	Oct-86	Sep-86	Oct-85	Oct-86	Sep-86	Oct-85
TOTAL MANUFACTURING INDUSTRIES*	185.200	\$460.55	\$461.36	\$458.96	39.6	39.5	39.6	\$11.63	\$11.68	\$11.59
SELECTED MANUFACTURING INDUSTRIES										
Lumber and Wood Products	33.400	\$416.03	\$407.63	\$451.63	38.7	37.5	38.9	\$10.75	\$10.87	\$11.61
Primary Metal Industries	9.300	\$515.84	\$551.20	\$508.23	41.3	42.4	40.4	\$12.49	\$13.00	\$12.58
Fabricated Metal Products	7.700	\$447.54	\$442.96	\$431.27	39.5	39.2	39.1	\$11.33	\$11.30	\$11.03
Machinery	15.500	\$372.40	\$387.77	\$386.10	39.2	40.1	39.6	\$9.50	\$9.67	\$9.75
Food and Kindred Products	25.100	\$348.75	\$342.80	\$349.91	37.5	36.9	38.2	\$9.30	\$9.29	\$9.16
Chemical and Allied Products	5.100	\$610.70	\$578.24	\$602.75	41.8	40.1	42.9	\$14.61	\$14.42	\$14.05
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	67.200	\$598.88	\$591.63	\$588.95	37.5	37.0	36.4	\$15.97	\$15.99	\$16.18
Wholesale and Retail Trade (does not include eating and drinking establishments)	275.200	\$317.98	\$323.61	\$323.27	33.9	34.1	34.5	\$9.38	\$9.49	\$9.37

* Average hourly earnings for all manufacturing production workers reported in this table do not fully reflect the official US Bureau of Labor Statistics definition of "wages." While these data still constitute a valid economic indicator series, they should not be used at this time for the negotiation of contracts whose monetary provisions may depend upon official US Bureau of Labor Statistics hourly earning data.